GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3154
ANSWERED ON:22.03.2002
NOMINEE DIRECTORS OF FLS
DR. KIRIT SOMAIYA

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have accepted the recommendations and Qbservations of various committees regarding role of Nominee Directors of Fls on various companies;

(b) if so, the details of these observations;

(c) whether nominee Directors of Fls are not working in the interest of the financial institutions;

(d) if so, whether the Government have received complaints against them in Land T, ACC cases; and

(e) if so, the details of the complaints a taken by the Government thereon?

Answer

THE MINISTER OF STATE IN THE MINIS FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) to (b) in order to ensure effective role of nominee in monitoring the activities of the companies, the institutions have issued detailed guidelines to their directors.

Parliamentary Standing Committee on Finan] report have recommended that the role of nominee Directors ofFinancial Institutions on the Boare assisted companies should be made much more effective The Standing Committee on Finance also recommended that the guidelines of the Fls to the nominee Dirl monitoring the activities of the Company Should be implemented effectively.

(c) As per the information furnished by the Institutions, the nominee directors are by and larg useful role by contributing to the functioning of Boards.

(d) and (e) A few references were received wit] to Land T and ACC cases. The matter has been up with the Fls.